

**Comments to the Renewables Committee of the  
California Energy Commission**

**In the Matter of:  
Implementation of Renewables Portfolio Standard Legislation  
(Public Utilities Code Sections 381, 383.5, 399.11 through 399.15, and 445  
[SB 1038, SB 1078])**

**Docket No. 03-RPS-1078  
RPS Proceeding**

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Clean Power Markets, Inc. (CPM) appreciates the opportunity to provide comments on the *Renewable Portfolio Standard, Renewables Committee Decision on Phase 2 Implementation Issues – Final Draft Report*. Our comments focus on the Accounting System section.

Opting-In

CPM supports the decision by the California Energy Commission (CEC) to pursue an electronic accounting system that will issue renewable energy credits (RECs) to track renewable generation. We also agree with the CEC's recognition that renewable generators, both inside and outside of the state, that are supplying RECs to satisfy the California RPS need to "fully opt-in to the system, meaning that all of the output from their facilities must be tracked by the electronic accounting system."<sup>1</sup>

The decision says: "It is conceivable that a California generator could be selling its renewable energy to meet another state's RPS."<sup>2</sup> Not only may a California generator be selling its renewable energy to meet another state's RPS, but it may

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<sup>1</sup> Renewable Portfolio Standard, Renewables Committee Decision on Phase 2 Implementation Issues – Final Draft Report, page 36.

<sup>2</sup> Renewable Portfolio Standard, Renewables Committee Decision on Phase 2 Implementation Issues – Final Draft Report, page 37.

be selling its renewable energy or RECs for green pricing programs, REC products, or other non-RPS related purposes in another state. These sales may be occurring outside of the “Western states” that are envisioned in the tracking system discussed in the decision. Hence the electronic system will need to be designed to accurately track REC sales from WECC renewable generators that are occurring outside of the WECC. Thus it may still be necessary to require generators to sign an affidavit or attestation that they are accurately reporting all transactions both within and outside the WECC.

#### Distributed Generation

On the matter of including distributed generation in the RPS, the report says: “If the Energy Commission and the CPUC ultimately decide that renewable electricity generated by customer-sited generators is eligible for the RPS, the Committee recommends developing a process to measure and verify the output from these generators. However, the Committee is deferring any decision regarding the eligibility of these renewable generators until Phase 3 of the RPS proceeding. The Committee invites further comment regarding the eligibility of customer-sited, grid-connected renewable generators as well as suggestions for how to measure and verify the output from these generators.”<sup>3</sup>

We support the comments submitted by CalSEIA on July 17, 2003, regarding the participation of solar customers in the RPS market. We agree that retail customers who make these substantial private investments to install solar (or other customer-sited renewable generation) should be allowed to participate in the RPS. Furthermore, we agree that the property rights of the distributed generation (DG) owner include the energy, capacity (if applicable), and the RECs that the system generates.

In regard to suggestions for measuring and verifying the output from distributed generators, we are working with the Pace Law School Energy Project to accurately measure and track the output of solar photovoltaic (PV) systems, in order for PV to actively participate in emerging REC markets across the country. As part of this effort, we will be conducting discussions with numerous stakeholders, including regulators and State Energy Offices across the country. We look forward to having these discussions with the CEC and CPUC with regard to facilitating RPS compliance for PV.

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<sup>3</sup> Renewable Portfolio Standard, Renewables Committee Decision on Phase 2 Implementation Issues – Final Draft Report, page 37.